

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF MONROE COUNTY)
WATER DISTRICT FOR ADJUSTMENT) CASE NO. 8670
OF RATES AND CHARGES)

O R D E R

IT IS ORDERED that Monroe County Water District ("Monroe") shall file an original and seven copies of the following information with the Commission on or before December 10, 1982. If neither the requested information nor a motion for an extension of time is filed by the stated due date, this case will be dismissed without prejudice:

- (1) Provide a copy of Monroe's 1981 Auditor's Report.
- (2) Per the application, it is stated that the \$20,000 note maturing November 28, 1982, will be renewed. Regarding this renewal, please provide a copy of the renewed note showing the rate of interest, term of note and the amount. If the note is not renewed or is of an amount other than \$20,000, please provide a full explanation of any differences.
- (3) Monroe states in its application that it is paying off the \$8,000 note. Regarding this note, what progress has been made in repaying this note to date? Does Monroe still intend to repay the note in full by its maturity date of January 30, 1983?

(4) Provide a copy of Monroe's bond ordinance.

(5) Please provide confirmation from the Monroe County Fiscal Court to Monroe of the proposed compensation to Monroe's Commissioners as required by KRS 74.020(4).

(6) Provide a detailed breakdown of amounts charged to Account 923, Outside Services Employed. At a minimum, this analysis should identify the amounts charged to this account by function and a description of those functions.

(7) Monroe proposed to increase its administration and general expense by \$766 to include in the test period a full year's amortization of the rate case expense incurred in Case No. 7984. A review of the calculation of this adjustment shows \$3,924 paid during the test period and \$813 paid subsequent to the test period. Assuming that these amounts were recorded on the books when paid, the proposed adjustment results in an annualized expense of \$4,690 (\$3,924 + \$766) which is approximately the entire cost of the previous rate proceeding. Please review the calculation of this adjustment and the assumptions made and provide any necessary revisions.

(8) Monroe proposed to adjust revenues to exclude tap-fees of \$6,600 improperly credited during the test period. However, no concurrent adjustment was proposed to reduce expenses for any capital additions which may have been improperly expensed since only capital additions of \$2,114 were reported while collections were \$6,600 with a reported growth of 20 customers. Please review

the test period expenses, particularly transmission and distribution labor, supplies and expenses, Accounts 640 and 641 and identify any expenses incurred in connection with additional "taps" made during the test period. If none of the expenses are directly traceable, provide an estimate of the cost of work performed included in expenses which should have been capitalized.

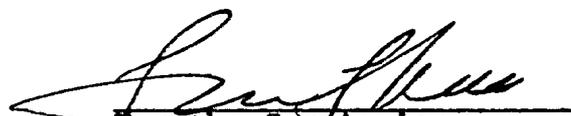
(9) What is Monroe's policy for capitalizing labor costs incurred with plant additions and extensions?

(10) Were any of the expenditures totaling \$33,468 for maintenance of the Gamaliel watertank incurred during the test period? If so, identify the accounts charged?

(11) Monroe estimated that the proposed leak survey would identify 20 leaks. How was this number of leaks determined? Is this the normal level of expected leaks for three miles of main? If not, explain the difference.

Done at Frankfort, Kentucky, this 24th day of November, 1982.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary